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S E C R E T SECTION 01 OF 02 MADRID 004197

SIPDIS

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TAGS: [PARM](#) [PREL](#) [MASS](#) [MOPS](#) [PINR](#) [IR](#) [SP](#)

SUBJECT: SPAIN: BRIEFING ON IRAN PROCUREMENT ATTEMPTS IN EUROPE

REF: A. MADRID 03446

[B](#). MADRID 02800

Classified By: Kathleen Fitzpatrick, Political Counselor,
Reasons 1.4. (B) & (D)

[1](#)1. (S) SUMMARY: Dr. Thomas Zarzecki of INR/SPM, accompanied by poloff, provided an intelligence briefing to an interagency GOS audience on October 25 on arms procurement attempts in European countries by state sponsors of terrorism, especially Iran. The well-received briefing sparked discussion about joint US-Spanish non-proliferation efforts and the problems posed by brokers using Spain as a transshipment point. In side meetings, GOS officials raised specific questions about the Spanish entity Telstar, and we stressed the need to further investigate the activities of Izar Construcciones in providing military equipment to Iran. END SUMMARY.

[1](#)2. (C) Poloff and Dr. Zarzecki met with an interagency GOS delegation composed of MFA Deputy Director General of International Disarmament Affairs Marcos Rodriguez Cantero and his assistant Luis Gomez Nogueira; Director General of International Economic Relations Javier Hergueta Garcia; Ministry of Interior Commissioner General for Information Jesus Lira Calvo; Ministry of Defense officials Maria Jose Mateo, Raphael Lopez, and Jose Quevedo Ruiz; and Ministry of Industry, Tourism, and Trade Deputy Director General of Nuclear Energy Ana Belen Manzano Negro.

[1](#)3. (S) Poloff began by noting that the briefing followed a discussion of the issue by Secretary Powell and Foreign Minister Moratinos earlier this year, and underlined USG's desire to frame specific recent proliferation cases that the USG had raised with the GOS within the context of our understanding of Iran's overall European arms procurement efforts. The briefing covered the consistent efforts by Iran and other state sponsors of terrorism to acquire military and dual-use equipment in Spain and other European countries (NOTE: This was a slightly modified version of the briefing that Zarzecki provided to Italian government officials in March 2004. END NOTE.)

[1](#)4. (S) The briefing was well received by GOS officials. Deputy DG Rodriguez stated that Spain's existing control regime for military goods was sufficiently strong to prevent any such Iranian purchase efforts. He noted that controlling dual-use items was more problematic. The GOS had recently approved a catchall regulation in Spain's new export control laws that would assist GOS efforts in this area. MOD official Lopez reiterated Rodriguez, sentiment, and he and Quevedo noted that some of the military goods under discussion were US-origin items transshipped through Spain to Iran and other destinations. Poloff and Dr. Zarzecki agreed that the GOS and USG needed to work together to stem the flow of US-origin items transshipped through Spain (as in the case of the Spanish firm Winter Aircraft Products, which has brokered US-origin fighter aircraft spare parts to Iran in the past), but that most of the items mentioned in the briefing and in past demarches were of Spanish-origin and not sourced in the US. While the overall issue of Spain as a transshipment country was undoubtedly important, the focus of the current briefing was on the activities of firms, particularly Izar, that were conducting business on Spanish soil.

[1](#)5. (S) Before and after the briefing, Zarzecki had two pull-asides with GOS officials. DG Hergueta raised the issue of USG sanctions recently imposed on the Spanish firm Telstar under the Iran Non-Proliferation Act, asking the USG to identify the specific equipment exported by Telstar that triggered the sanctions. He said the GOS was eager to resolve this issue, noting that Telstar had a good reputation in the GOS for obeying export control regulations and was happy to cooperate in the further investigation of this case. He also noted that Telstar's business in the US would be hurt by the sanctions and that any violations of export controls by Telstar were likely inadvertent. We agreed to work with GOS on the case and provide the requested information as soon as possible.

[1](#)6. (S) In a side meeting, Zarzecki also underlined to MOD official Lopez USG concerns regarding Izar's activities with

Iran. Zarzecki noted that the previously-shared information on the travel of an Izar delegation to Iran in January 2004 to negotiate military sales indicated serious intent on the part of the firm, and required further investigation (ref A and B)--a request which Lopez took seriously.

17. (S) COMMENT: The intelligence briefing seemed to open the door to further exchanges with GOS officials on specific non-proliferation matters, and underlined USG interest in preventing Iranian military and dual-use procurements. Embassy plans to follow-up on several specific cases: providing GOS with releasable information when received from Washington on Telstar information; receiving a GOS update on the status of their investigation into Winter Aircraft Products (ref A); and, as necessary, continued engagement on Izar's relationship with Iran. END COMMENT

18. (C) Zarzecki has cleared on this cable.
ARGYROS